

**CALENDAR ITEM
C97**

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S	3	PRC 8572.1 N. Heda

**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED OF
A NEGOTIATED SUBSURFACE (NO SURFACE USE)
OIL AND GAS LEASE NO. PRC 8572.1
STEAMBOAT AND SUTTER SLOUGHS,
SACRAMENTO AND SOLANO COUNTIES**

APPLICANT:

Royale Energy, Inc.
Attn.: Mr. Mike Carbonnet
7676 Hazard Center Drive, Suite 1500
San Diego, CA 92108

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 8572.1 contains approximately 26 acres of tide and submerged lands in the beds of Steamboat Slough and Sutter Slough, situated in Sacramento and Solano Counties, California (Exhibit A, attached hereto).

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 8572.1 (Lease) was issued to Royale Energy, Inc. (lessee), on October 29, 2004, and contains 26 acres of tide, submerged and proprietary lands in the beds of the Steamboat Slough and Sutter Slough area in Sacramento and Solano Counties, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$25.00 per acre (\$650.00 for 26 acres) and to commence drilling operations on the leased lands within three years. The royalty percentage on both oil and gas were fixed at sixteen and two thirds percent (16-2/3%). One well "Kingfisher" 1 (API No. 095-21222, Sec. 25, T05N, R03E, MDBM, Sacramento and Solano counties) was drilled on September 30, 2004, into the leased land. That well was plugged and abandoned on May 2, 2014 (Exhibit B, attached hereto), pursuant to current abandonment regulations, and was approved by the Division of Oil, Gas and Geothermal Resources (Exhibit C, attached hereto).

CALENDAR ITEM NO. **C97** (CONT'D)

Public Resources Code section 6804.1 and Lease Paragraph 29 permit the lessee to “make at any time a written quitclaim of all rights under the lease or of any portion of the leased lands comprising a ten-acre parcel or multiple thereof in a compact form.” The quitclaim is effective when it is filed with the State, subject to the continued obligation of the lessee and its surety to pay all accrued rentals and royalties and to abandon all wells drilled on the leased lands.

On August 12, 2014, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated August 7, 2014, and quitclaims back to the State all of the lessee's right, title and interest in the leased lands described in Exhibit A (attached hereto) of Oil and Gas Lease No. PRC 8572.1.

A review of the Commission's files reveals that no default exists on the Lease, and that the lessee has complied with all applicable laws and Lease provisions and has paid all rentals. No royalty is due because the leased lands never produced.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6804.1
- B. PRC 8572.1, Lease Paragraph 29.

OTHER PERTINENT INFORMATION:

- 1. The staff recommends that the Commission find that the acceptance of the Full Quitclaim Deed of a negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 8572.1 does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

EXHIBITS:

- A. Land Description
- B. Site Map
- C. Plugging and abandonment approval for well “Kingfisher” 1
- D. Quitclaim Deed

CALENDAR ITEM NO. **C97** (CONT'D)

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the acceptance of the Royale Energy, Inc.'s Full Quitclaim Deed is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

AUTHORIZATION:

1. Accept from Royale Energy, Inc., the Full Quitclaim Deed for Oil and Gas Lease No. PRC 8572 dated August 7, 2014, wherein Royale Energy, Inc., quitclaims back to the State all right, title and interest in the leased lands as described in Exhibit A, attached hereto, of Oil and Gas Lease No. PRC 8572.1.
2. Release Royale Energy, Inc. from all obligations under Oil and Gas Lease No. PRC 8572.1 accruing after August 7, 2014, the filing date of the quitclaim deed.
3. Authorize the Executive Officer or her designee to execute any documents necessary to implement the Commission's action.

EXHIBIT A

PRC 8572.1

LAND DESCRIPTION

A parcel of tide and submerged land in the bed of Steamboat Slough and Sutter Slough, situated in Sacramento and Solano Counties, California, said parcel being more particularly described as follows:

BEGINNING at the northeast corner of that parcel of land described in that certain deed recorded December 20th, 2002, as Document Number 200200167593, Official Records of Solano County; thence southerly along the right bank of Sutter Slough and Steamboat Slough 3073 feet, more or less, to the Southeast corner of that parcel of land described in that certain deed recorded July 13th, 1999, as Document Number 1999-00061242, Official Records of Solano County; thence easterly 357 feet, more or less, to the left bank of Steamboat Slough with the intersection of the western prolongation of the southerly property line of that parcel of land described in that certain deed recorded February 22nd, 1999, as Document Number 199902221170, Official Records of Sacramento County; thence Northerly and Northeasterly along the left bank of said Steamboat Slough 1630 feet to the most northerly point of Simpson Tract as shown on that certain map filed on June 18th, 1964, in Book 74, Page 27, Official Records of Sacramento County; thence Northeasterly and Easterly along said left bank of said Steamboat Slough 896 feet; thence North 00° 00' 00" East 275 feet, more or less, to a point on the right bank of said Steamboat Slough; thence Westerly along said right bank of said Steamboat Slough 695 feet more or less to the left bank of said Sutter Slough; thence Northerly along the said bank of said Sutter Slough 880 feet, more or less, to a point from which said point of beginning bears North 90° 00' 00" West 185 feet, more or less; thence North 90° 00' 00" West to the POINT OF BEGINNING.

EXCEPTING THEREFROM any land lying landward of the Ordinary High Water Mark of said Steamboat Slough and said Sutter Slough.

END OF DESCRIPTION

Prepared 9-14-2004 by the Boundary Unit of the California State Lands Commission.



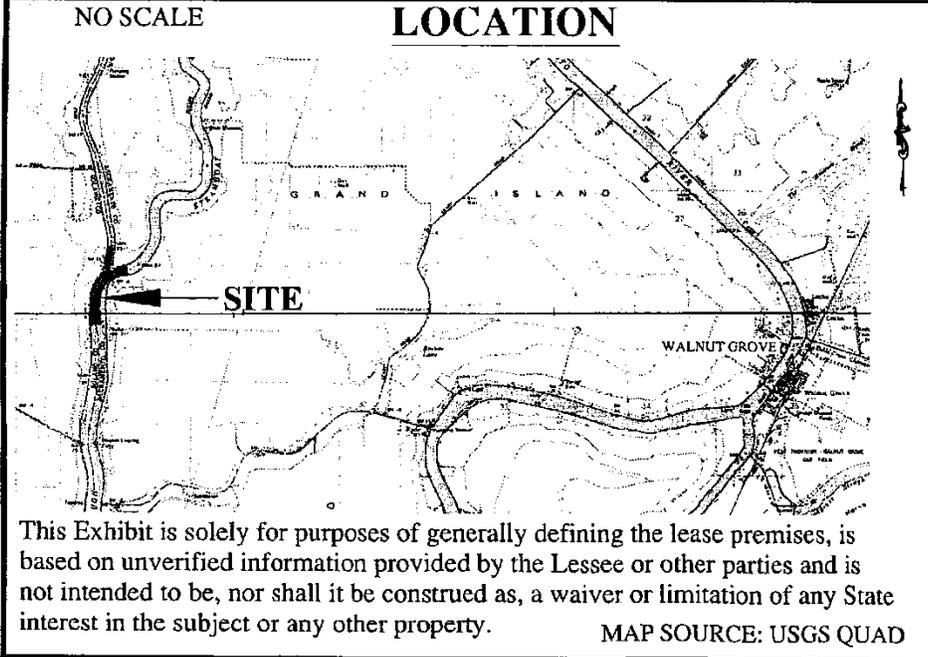
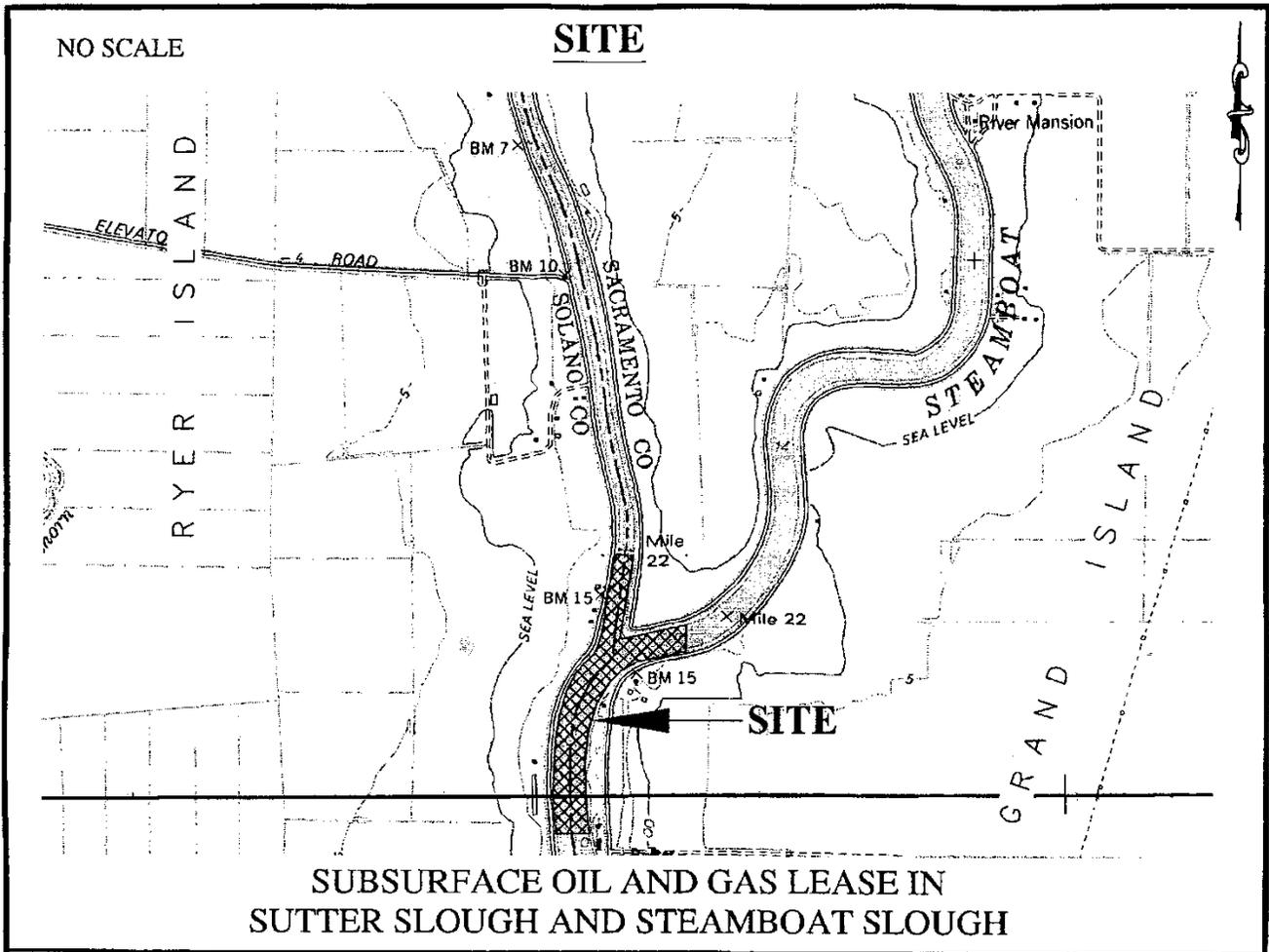


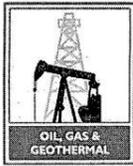
Exhibit B

PRC 8572.1

Royale Energy, Inc
Sacramento and Solano
Counties



EXHIBIT C



NATURAL RESOURCES AGENCY OF CALIFORNIA
DEPARTMENT OF CONSERVATION
DIVISION OF OIL, GAS & GEOTHERMAL RESOURCES
801 K Street, MS 20-22 Sacramento, CA 95814-3530
Phone:(916) 322-1110 Fax:(916) 322-1201

No. T 614-0016

REPORT ON OPERATIONS

Ms. Rachele Wolchko
Royale Energy, Inc. (R4085)
7676 Hazard Center Dr., # 1500
San Diego, CA 92108

Sacramento, California
May 02, 2014

Your operations at well "**Kingfisher**" 1, A.P.I. No. **095-21222**, Sec. **25**, T. **05N**, R. **03E**, **MD B.&M.**, -- field, in **Solano** County, were witnessed on **3/11/2014**, by **Mary Bottoms**, a representative of the supervisor.

The operations were performed for the purpose of **plugging and abandonment**.

DECISION: **APPROVED**

DEFICIENCIES NOTED AND CORRECTED: None noted.

MKB/jc

Pat Perez
State Oil and Gas Supervisor

X *Michael L. Woods*

Michael L. Woods
District Deputy

EXHIBIT D

PRC 8572.1

RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:
STATE OF CALIFORNIA
State Lands Commission
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202
Attn: Title Unit

STATE OF CALIFORNIA
OFFICIAL BUSINESS
Document entitled to free recordation
pursuant to Government Code Section 27383

No Tax Due

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**LEASE QUITCLAIM DEED
FOR STATE OIL AND GAS LEASE**

State Oil and Gas Lease No. PRC 8572 (Lease), covering certain State lands located in Sacramento County (ies), State of California, was issued by the State of California, acting through the California State Lands Commission (State), on October 6, 2004, and was recorded in the Official Records of Sacramento County, as Book 20041027 and Page 3343, on October 27, 2004.

(Attach additional recording information if leased lands are located in and Lease is recorded in more than one county.)

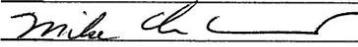
Royale Energy, Inc. (Lessee) is the present holder of the Lease.

Pursuant to the terms of the Lease and Section 6804.1 of the Public Resources Code, the Lessee may at any time make and file with the State a written quitclaim or relinquishment of all rights under the Lease or of any portion of the Lease comprising a 10-acre parcel or multiple thereof in compact form, or of any separate or distinct zone or geological horizon thereof underlying such 10-acre parcel or multiple thereof.

Acting in accordance with such terms, the Lessee does hereby release, remise and forever quitclaim unto the State of California all of its right, title and interest in and to the State lands or that portion of the State lands held by virtue of the Lease, which lands are or portion is described in the attached Exhibit A.

IN WITNESS WHEREOF, this Quitclaim Deed is executed this 7 day of August, 2014.

LESSEE: Royale Energy, Inc.

By: 

(Signature)

Mike Charbonnet

(Name of Officer)

Senior Landman

(Title)

Acknowledgment